

AMENDED IN SENATE MAY 10, 2006

AMENDED IN SENATE APRIL 17, 2006

SENATE BILL

No. 1805

Introduced by Senator Florez

February 24, 2006

An act to amend Section 19605.75 of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

SB 1805, as amended, Florez. Horse racing.

Existing law, operative until January 1, 2009, provides that every thoroughbred association and fair that conducts a racing meet shall deduct a percentage of the total amount handled in exotic parimutuel pools of thoroughbred races which shall be distributed to a thoroughbred racing association to defray costs of workers' compensation insurance in connection with thoroughbred horses that race in this state, as specified. Existing law provides for the distribution of funds that are not expended in the calendar year in which they are collected to specified organizations.

This bill would extend the operation of these provisions until January 1, 2010, and instead provide that any funds that are not used to defray the cost of workers' compensation insurance, ~~as specified, may be used for any other purpose, distributed to specified organizations or used for reimbursing racing organizations for safety improvements to racing and training surfaces~~ *shall either be carried forward to the subsequent year or used to reimburse to racing associations for capital improvements*, as specified.

~~Existing law requires the California Horse Racing Board to establish safety standards governing, among other things, the uniformity and content of the track base and racing surface.~~

~~This bill would provide that it is the intent of the Legislature to enact legislation to regulate the use of polytrack racing surfaces for horse racing.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 19605.75 of the Business and
2 Professions Code is amended to read:

3 19605.75. (a) The Legislature finds and declares that the
4 existence of high caliber thoroughbred racing in California is
5 important to this state's agricultural economy. The California
6 horse racing industry is being threatened by the escalating costs
7 of doing business in California, including, but not limited to,
8 workers' compensation insurance costs, in that these costs are not
9 only causing thoroughbred horses and trainers to leave this state,
10 but are also discouraging owners and trainers from bringing
11 horses into this state to compete. It is the intent of the Legislature
12 to provide some relief from these escalating costs through the
13 redistribution of the parimutuel handle on exotic wagers.

14 (b) Notwithstanding Section 19610, every thoroughbred
15 association and fair that conducts a racing meet shall deduct an
16 additional 0.5 percent of the total amount handled in exotic
17 parimutuel pools of thoroughbred races.

18 (c) The funds collected pursuant to subdivision (b) from exotic
19 parimutuel pools on thoroughbred races within the inclosure of a
20 thoroughbred association or fair conducting a race meeting, at
21 satellite wagering facilities within this state, and through advance
22 deposit wagering by residents of this state, shall be distributed to
23 the organization described in subdivision (f) to be used in
24 accordance with subdivision (e).

25 (d) Any thoroughbred association or fair that authorizes a
26 betting system located outside of this state to accept exotic
27 wagers on its races and to combine those wagers in the
28 association's or fair's exotic parimutuel pools, including, but not
29 limited to, a multijurisdictional wagering hub as to exotic wagers

made by residents other than those of this state, shall deduct the amount specified in subdivision (b) in addition to any other applicable deductions specified in law. The amount deducted pursuant to this subdivision shall be distributed to the organization described in subdivision (f) to be used in accordance with subdivision (e). This additional deduction shall not be included in the amount on which license fees are determined pursuant to Section 19602.

(e) The amounts distributed to the organization described in subdivision (f) shall be deposited by that organization in a separate account to defray the costs of workers' compensation insurance incurred in connection with thoroughbred horses that race in this state at thoroughbred associations and racing fairs through the payment of supplemental premiums that reduce rates, payment to or for the benefit of trainers and owners of such thoroughbreds, based on the number of such thoroughbreds they start, in order to reimburse them for the costs of workers' compensation insurance directly or indirectly incurred by them, and other appropriate payments. Any funds that are not used for the purposes set forth in this subdivision ~~may be used for any other purpose approved by the affirmative vote of at least 25 of the voting interests of the organization described in subdivision (f) so long as the expenditure is approved by the California Horse Racing Board, distributed to the organizations formed and operated pursuant to Sections 19607 and 19607.2 based upon the total thoroughbred handle in their respective zones during the period when the funds were generated, or used for the purpose of reimbursing racing associations for actual costs of safety improvements to racing and training surfaces upon terms established by the organization and approved by the California Horse Racing Board.~~ *subdivision shall, after an affirmative vote of at least 25 of the voting interests of the organization described in subdivision (f), either be carried forward to the subsequent year, or be used to reimburse racing associations for the actual cost of making capital improvements that are designed to prevent workplace accidents and increase the safety of jockeys, exercise riders, backstretch employees, and other racetrack personnel. Those capital improvements shall include, but not be limited to, safety improvements to racing and training surfaces. All requests for reimbursements shall be approved by the board. In*

1 *developing proposals for approval by the board, the association*
2 *shall confer with their horsemen's organizations and all affected*
3 *labor organizations or associations.*

4 (f) The thoroughbred racing associations and the owners'
5 organization described in subdivision (b) of Section 19613 shall
6 form an organization to which funds shall be distributed pursuant
7 to subdivisions (c) and (d). This organization shall have a total of
8 34 voting interests, of which 16 shall be allocated to the
9 organization representing thoroughbred owners pursuant to
10 Section 19613, one shall be allocated to the official registering
11 agency for thoroughbreds in California, and one shall be
12 allocated to the organization representing thoroughbred trainers
13 pursuant to Section 19613. The remaining 16 votes shall be
14 allocated among the licensed racing associations and racing fairs
15 in the state. Each racing association and fair shall receive the
16 portion of these remaining votes represented by the sum of exotic
17 wagering on its races divided by the statewide total of exotic
18 wagering in the preceding calendar year, excluding Breeders Cup
19 races. Fractional voting shall be permitted. Any decision of this
20 organization with respect to the allocation of funds pursuant to
21 subdivisions (c) and (d) shall require the affirmative vote of 25 of
22 these voting interests. In the event that the required number of
23 affirmative votes cannot be obtained, the matter shall be
24 submitted to the California Horse Racing Board for a decision
25 consistent with subdivision (e), and the decision of the board
26 shall be final.

27 (g) (1) The organization formed pursuant to this section shall
28 account annually to the California Horse Racing Board with
29 respect to the expenditure and distribution of funds received by
30 the organization pursuant to subdivisions (c) and (d), and shall
31 obtain an independent audit of fund generation and distribution.
32 A copy of the completed audit shall be forwarded to the
33 California Horse Racing Board within 45 days of its receipt by
34 the organization.

35 (2) No earlier than 18 months and no later than two years
36 following the effective date of this section, the organization
37 described in subdivision (f) shall commission an independent
38 evaluation of the effectiveness of the distributions under this
39 section along with recommendations for any improvements or
40 modifications regarding the program created in this section. A

1 copy of that evaluation along with a report detailing the
2 organization's response to the evaluation shall be filed with the
3 California Horse Racing Board within 30 days of the receipt of
4 the final evaluation.

5 (h) Between January 1, 2010, and July 1, 2010, any
6 unexpended funds collected under Section 19605.75 of the
7 Business and Professions Code shall be distributed to
8 organizations formed and operated pursuant to Sections 19607
9 and 19607.2 based upon the total thoroughbred handle in their
10 respective zones in the year 2008.

11 (i) Except for subdivision (h), this section shall become
12 inoperative on January 1, 2010, and as of January 1, 2011, this
13 entire section is repealed, unless a later enacted statute, that is
14 enacted before January 1, 2011, deletes or extends that date.